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Date 7/20/93

Signature [REDACTED]

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JUN 22 1993

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(3) of the Internal Revenue Code.

The information submitted indicates that you were incorporated in the State of [REDACTED] on July 2, 1992. Your articles of incorporation contain a section 501(c)(3) purpose limitation and also a section 501(c)(3) dissolution provision.

Your proposed activities are outlined in your application. You do not presently conduct any activities, but state that after you are determined to be exempt, you will operate an "external" degree granting institution involving students doing independent work and outside studies that would be credited toward their degrees. As you will operate an external degree program, you will not hold classes. You have requested classification as an educational organization as that term is defined in section 107(b)(1)(A)(ii) of the Code. You have a three member board of directors consisting of [REDACTED], [REDACTED], and [REDACTED]. You state that none of these three individuals actively participate in the work of your organization, and none will receive compensation.

You are in some manner a successor organization to [REDACTED], also presently inactive, that earlier offered vocational training in massage, and training for holistic health practitioners, at a [REDACTED] location. Your organization, on the other hand, will focus on master and doctoral level work in alternative health care under the title of holistic psychology. Your office location will be [REDACTED]. All of your activities will be conducted by mail, and you will use a [REDACTED] address for correspondence. The address you will use is that of [REDACTED], which organization has authorized you to use its address as your official mailing location. You have no formal connection with that entity. You have not indicated who will conduct your activities, but have stated that none of your board members will actively participate in the work of your organization.

[REDACTED]

You have not yet entered into any contracts or agreements, and will not until exempt status is granted. You have published no promotional materials or advertising materials, and state that you will not do so until exempt status is granted. You have implied that there will be transfers of assets to your organization from [REDACTED], but that nothing will be done until exempt status is granted. You have not provided any actual financial information, as no activities have yet taken place.

Section 501(c)(3) of the Internal Revenue Code provides in part for the exemption from Federal income tax for organizations organized and operated exclusively for charitable or educational purposes.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 170(b)(1)(A)(ii) of the Code defines an educational organization as an organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

Revenue Procedure 84-46, 1984-1, C.B. 541, provides in part that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. A mere restatement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures, or other means adopted or planned; and the nature of contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the

[REDACTED]

Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or determination letter will be issued.

The information contained in your application for recognition of exemption, and information subsequently submitted, indicates that no activities have been carried on to date. You have not provided information on your proposed method of operation, on your curriculum, on your faculty, or on your purchase of assets from [REDACTED]. You have not provided information on contracts or agreements that will be executed pursuant to the operation of your program.

Based on the above, you have not established that you are operated exclusively for charitable purposes. Accordingly, you do not qualify for exempt status under section 501(c)(3) of the Code. Also, you may not be classified as an educational organization within the meaning of section 170(b)(1)(A)(ii) as you do not have a regularly enrolled body of pupils or students at the place where your educational activities are regularly carried on.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest our ruling if you believe that it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted within 30 days of the date of this letter and must be signed by one of your officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice requirements.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgement or decree under this section shall not be issued in any proceeding unless the United States Tax Court, the United States Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

[REDACTED]

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

Sincerely yours,

cc: [REDACTED]

Signed for: [REDACTED]

Chief, Exempt Organizations
Rulings Branch 2

[REDACTED]

6/21/93

[REDACTED]

6-21-93